



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

SEP 24 2007

REPLY TO THE ATTENTION OF

(AE-17J)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Glenn Pushis, Vice President/General Manager
Steel Dynamics, Inc.
4500 County Road 59
Butler, Indiana 46721

Dear Mr. Pushis:

Enclosed is a file stamped Consent Agreement and Final Order (CAFO) and an Administrative Consent Order which resolves Steel Dynamics, Inc., CAA Docket No. CAA-05-2007-0032. As indicated by the filing stamp on its first page, we filed the CAFO with the Regional Hearing Clerk on SEP 25 2007.

Pursuant to paragraph 24 of the CAFO, Steel Dynamics, Inc. must pay the \$13,540 civil penalty within 30 days of the date the CAFO was filed, SEP 25 2007. The check must display the case docket number, CAA-05-2007-0032 and the billing document number, 27507034034.

Please direct any questions regarding this case to Susan Tennenbaum, Associate Regional Counsel, (312)886-0273.

Sincerely yours,

Sara Breneman

for Brent Marable, Chief
Air Enforcement and Compliance Assurance Section (IL/IN)

Enclosure

cc: Craig Henry, Section Chief
Office of Enforcement Air Section
Indiana Department of Environmental Management

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

In the Matter of:

**Steel Dynamics, Inc.
Butler, Indiana,**

Respondent.

Docket No. CAA-05-2007-0032

**Proceeding to Assess a Civil Penalty
Under Section 113(d) of the Clean Air
Act, 42 U.S.C. § 7413(d)**

Consent Agreement and Final Order

Preliminary Statement

1. This is an administrative action commenced and concluded under Section 113(d) of the Clean Air Act (the Act), 42 U.S.C. § 7413(d), and Sections 22.1(a)(2), 22.13(b), and 22.18(b)(2) and (3) of the *Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits* (Consolidated Rules), as codified at 40 C.F.R. Part 22.

2. Complainant is the Director of the Air and Radiation Division, United States Environmental Protection Agency (U.S. EPA), Region 5.

3. Respondent is Steel Dynamics, Inc., an Indiana corporation doing business in Indiana.

4. Where the parties agree to settle one or more causes of action before the filing of a complaint, the administrative action may be commenced and concluded simultaneously by the issuance of a consent agreement and final order (CAFO). 40 C.F.R. § 22.13(b).

5. The parties agree that settling this action without the filing of a complaint or the adjudication of any issue of fact or law is in their interest and in the public interest.

6. Respondent consents to entry of this CAFO and the assessment of the specified civil

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penalty, and agrees to comply with the terms of the CAFO.

Jurisdiction and Waiver of Right to Hearing

7. Respondent admits the jurisdictional allegations in this CAFO and neither admits nor denies the factual allegations in the CAFO.

8. Respondent waives its right to request a hearing as provided at 40 C.F.R. § 22.15(c), any right to contest the allegations in this CAFO, and its right to appeal this CAFO.

Statutory and Regulatory Background

9. Under Section 111 of the Act, 42 U.S.C. § 7411, the Administrator promulgated the New Source Performance Standards (NSPS) General Provisions, at 40 C.F.R. Part 60, Subpart A, and the Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983, at 40 C.F.R. Part 60, Subpart AAa.

10. 40 C.F.R § 60.272a(a)(2) limits any gases discharged into the atmosphere from the control device of an electric arc furnace to under 3% opacity.

11. 40 C.F.R. § 60.276a(b) requires subject owners and operators to submit a written report of the exceedances of the control device opacity limit to the U.S. EPA Administrator on a semi-annual basis.

12. 40 C.F.R. § 60.11(d) requires subject owners and operators to maintain and operate any affected facility, including associated air pollution control equipment, in a manner consistent with good air pollution control practice for minimizing emissions.

13. On June 27, 2003, U.S. EPA approved 326 IAC 2-2-3 as part of the federally enforceable state implementation plan (SIP) for Indiana. 68 *Fed. Reg.* 38197.

14. 326 IAC 2-2-3(1) states that “a major stationary source shall meet each applicable limit under...40 C.F.R. Part 60.”

15. The Administrator of U.S. EPA (the Administrator) may assess a civil penalty of up to \$27,500 per day of violation up to a total of \$220,000 for NSPS and SIP violations that occurred from January 31, 1997 through March 15, 2004, and may assess a civil penalty of up to \$32,500 per day of violation up to a total of \$270,000 for violations that occurred after March 15, 2004, under Section 113(d)(1) of the Act, 42 U.S.C. § 7413(d)(1), and 40 C.F.R. Part 19.

16. Section 113(d)(1) limits the Administrator's authority to matters where the first alleged date of violation occurred no more than 12 months prior to initiation of the administrative action, except where the Administrator and Attorney General of the United States jointly determine that a matter involving a longer period of violation is appropriate for an administrative penalty action.

17. The Administrator and the Attorney General of the United States, each through their respective delegates, have determined jointly that an administrative penalty action is appropriate for the period of violations alleged in this CAFO.

Factual Allegations and Alleged Violations

18. Respondent owns and operates two electric arc furnaces (EAFs) at its facility at 4500 County Road 59, Butler, Indiana.

19. Respondent's EAFs were constructed in 1995 and 1998. Therefore, Respondent is subject to the "Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983," at 40 C.F.R. Part 60, Subpart AAa, and the New Source Performance Standards (NSPS) General Provisions at 40 C.F.R. Part 60, Subpart A.

20. Respondent's Butler, Indiana facility is a "major stationary source" as defined at 326 IAC 2-2-1(y) and is therefore subject to 326 IAC 2-2-3(1).

21. At certain times between 2003 and 2006, Respondent's emissions from its Butler, Indiana facility, as evidenced by its Opacity Exceedance Reports, equaled or exceeded 3%, in violation of 40 C.F.R. § 60.272a(a)(2), Section 111(e) of the Act, 42 U.S.C. § 7411(e), and 326 IAC 2-3-3(1).

22. Between 2003 and 2006, Respondent failed to report periods during which the average opacity was 3 percent or greater in six-minute increments, in violation of 40 C.F.R. § 60.276a(b) and Section 111(e) of the Act, 42 U.S.C. § 7411(e).

23. Between 2003 and 2006, Respondent failed to use good air pollution control practice for minimizing emissions, in violation of 40 C.F.R. § 60.11(d), as evidenced by the long response times in identifying and/or alleviating the cause of certain opacity exceedance alarms at its facility.

Civil Penalty

24. Based on analysis of the factors specified in Section 113(e) of the Act, 42 U.S.C. § 7413(e), the facts of this case, Respondent's cooperation and agreement to perform a supplemental environmental project, Complainant has determined that an appropriate civil penalty to settle this action is \$13,540.

25. Within 30 days after the effective date of this CAFO, Respondent must pay a \$13,540 civil penalty by sending a cashier's or certified check payable to the "Treasurer, United States of America," to:

U.S. EPA, Region 5
P.O. Box 371531
Pittsburgh, PA 15251-7531

The check must note the case name, docket number of this CAFO and the billing document number.

26. A transmittal letter stating Respondent's name, complete address, the case docket number, and the billing document number must accompany the payment. Respondent must send a copy of the check and transmittal letter to:

Attn: Regional Hearing Clerk, (E-13J)
U.S. Environmental Protection Agency, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

Attn: Compliance Tracker, (AE-17J)
Air Enforcement and Compliance Assurance Branch
Air and Radiation Division
U.S. Environmental Protection Agency, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

Susan Tennenbaum, (C-14J)
Office of Regional Counsel
U.S. Environmental Protection Agency, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

27. This civil penalty is not deductible for federal tax purposes.

28. If Respondent does not pay timely the civil penalty, or any stipulated penalties due under paragraph 43, below, U.S. EPA may bring an action to collect any unpaid portion of the penalty with interest, handling charges, nonpayment penalties and the United States' enforcement expenses for the collection action under Section 113(d)(5) of the Act, 42 U.S.C. § 7413(d)(5). The validity, amount, and appropriateness of the civil penalty are not reviewable in a collection action.

29. Pursuant to 31 C.F.R. § 901.9, Respondent must pay the interest on any amount overdue under this CAFO. Interest will accrue on any overdue amount from the date payment was due at a rate established by the Secretary of the Treasury. Respondent must pay a \$15 handling charge each month that any portion of the penalty is more than 30 days past due. In

addition, Respondent must pay a quarterly nonpayment penalty each quarter during which the assessed penalty is overdue according to Section 113(d)(5) of the Act, 42 U.S.C. § 7413(d)(5). This nonpayment penalty will be 10 percent of the aggregate amount of the outstanding penalties and nonpayment penalties accrued from the beginning of the quarter.

Supplemental Environmental Project

30. Respondent must complete a supplemental environmental project (SEP) designed to protect the environment or public health by installing a bag leak detection system that monitors each compartment of the Butler, Indiana facility's existing baghouse that is used to control emissions from the EAFs, in an effort to reduce periods of excess opacity emissions and to decrease the time it takes to identify and alleviate the cause of such excess emissions.

31. Respondent must complete the SEP as follows:

- a. Respondent shall provide U.S. EPA with specifications for a compartment leak detection system (CLDS) within 21 days of the effective date of this order, and within 100 days of receiving acknowledgement from U.S. EPA that the proposed CLDS is acceptable, Respondent shall install the system. Respondent must install, operate, and maintain this system in a manner consistent with the manufacturer's written specifications and recommendations for a minimum of five years. Three years after installation of the CLDS, Respondent may petition U.S. EPA to cease operation of or to replace the system for cause shown. Where the manufacturer does not make a specification or give guidance, EPA document "Fabric Filter Bag Leak Detection Guidance" (EPA-454/R-98-015) shall be used as guidance in constructing, shaking-down, and maintaining the compartment leak detection system.
- b. Respondent must incorporate the operation and preventative maintenance recommendations of the manufacturer of the CLDS into the facility's Preventative Maintenance Plan within 100 days of receiving acknowledgement from EPA that the proposed CLDS is acceptable.
- c. Respondent must retain a third party to conduct a one-time training session of all operators, maintenance staff, and any other employees that may operate or make repairs on the baghouse. Respondent shall provide U.S. EPA with an outline of the program within 30 days of the effective date of this order and shall conduct the session within 130 days of receiving acknowledgement from U.S. EPA that the outline is acceptable. This training shall explain new

procedures for diagnosing problems with the baghouse using both the CLDS and the continuous opacity monitor. The training shall discuss the applicable regulations and the human health and environmental importance of adhering to the procedures and regulations.

- d. Respondent must submit a report notifying U.S. EPA of the completion of subparagraphs 31.a (the installation of the CLDS) through 31.c and 32.(i) within 21 days of their completion. This report must contain the following information:
 - (i) a detailed description of the SEP;
 - (ii) a description of any installation problems and the actions taken to correct the problems;
 - (iii) the itemized costs of goods and services used to implement the SEP, documented by copies of invoices, purchase orders, or canceled checks that specifically identify and itemize the individual costs of the goods and services;
 - (iv) a certification that Respondent has completed the actions set forth in subparagraphs 31.a through c and 31.(i); and
 - (v) a description of the environmental and public health benefits resulting from the SEP (quantify the benefits and pollution reductions, if feasible).

32. Consistent with U.S. EPA's "Supplemental Environmental Projects Policy" (May 1, 1998), Respondent must spend at least 90 percent of the following amounts: (i) \$133,000 to purchase and install the CLDS, and (ii) \$26,000 per year to operate and maintain the CLDS and to comply with subparagraph 31.c.

33. By January 31, 2009, Respondent must submit a report to U.S. EPA documenting that the costs spent during the first twelve months after installation of the CLDS to operate and maintain it are consistent with paragraph 32(ii).

34. Respondent must continuously use and operate the CLDS while the facility's EAFs are in operation for at least five years following its installation, subject to the petition process set forth in subparagraph 31.a.

35. Respondent certifies that it is not required to perform or develop the SEP by any law, regulation, grant, order, or agreement, or as injunctive relief as of the date it signs this CAFO. Respondent further certifies that it has not received, and is not negotiating to receive, credit for the SEP in any other enforcement action.

36. U.S. EPA may inspect the facility at any time to monitor Respondent's compliance with this CAFO's SEP requirements.

37. Respondent must maintain copies of the underlying research and data for all reports submitted to U.S. EPA according to this CAFO. Respondent must provide the documentation of any underlying research and data to U.S. EPA within seven days of U.S. EPA's request for the information.

38. Respondent must notify U.S. EPA within 30 days of completing its obligation to operate and maintain the CLDS under subparagraph 31.a that it has satisfied its obligations under this order.

39. Respondent must submit all notices and reports required by this CAFO by first class (or equivalent) mail to:

Attn: Joseph Ulfig (AE-17J)
Air Enforcement and Compliance Assurance Branch
Air and Radiation Division
U.S. Environmental Protection Agency, Region 5
77 West Jackson Blvd.
Chicago, Illinois 60604-3511

40. In each report that Respondent submits as provided by this CAFO, it must certify that the report is true and complete by including the following statement signed by one of its officers:

I certify that I am familiar with the information in this document and that, based on my inquiry of those individuals responsible for obtaining the information, the information is true and complete to the best of my

knowledge. I know that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

41. Following receipt of the SEP completion report described in paragraph 31, above, U.S. EPA must notify Respondent in writing within 45 days that:

- a. It has satisfactorily completed the SEP and the SEP report;
- b. There are deficiencies in the SEP as completed or in the SEP report, and Respondent has 30 days or longer to correct the deficiencies; or
- c. Respondent has not satisfactorily completed the SEP or the SEP report and U.S. EPA will seek stipulated penalties under paragraph 42.

42. If U.S. EPA exercises option 41.b, above, Respondent may object in writing to the deficiency notice within 10 days of receiving the notice. The parties will have 30 days from U.S. EPA's receipt of Respondent's objection to reach an agreement. If the parties cannot reach an agreement, U.S. EPA will give Respondent a written decision on its objection. Respondent will comply with any requirements that U.S. EPA imposes in its decision. If Respondent does not complete the SEP as required by U.S. EPA's decision, Respondent will pay stipulated penalties to the United States under paragraph 43, below.

43. If Respondent violates any requirement of this CAFO relating to the SEP, Respondent must pay stipulated penalties to the United States as follows:

- a. If Respondent spent less than the amount set forth in paragraph 32, above, Respondent must pay a stipulated penalty equal to the difference between the amount it spent on the SEP and the amount set forth in paragraph 32. This paragraph will only apply to the first year of annual operation and maintenance costs related to the compartment leak detection system.
- b. If Respondent fails to correct deficiencies noticed pursuant to subparagraph 41.b within 30 days or another time agreed upon by the parties, Respondent must pay \$30,000 in addition to any penalty required under subparagraph 42.a.

- c. If Respondent halts or abandons work on the SEP, Respondent must pay a stipulated penalty of \$60,000 in addition to any penalty required under subparagraph 43.a, above. The penalty will accrue as of the date for completing the SEP or the date performance ceases, whichever is earlier.
- d. If Respondent fails to comply with the schedule in paragraph 31, above, for implementing the SEP and filing a completion report, or fails to timely submit the report required by paragraph 33, above, Respondent must pay stipulated penalties for each failure to meet an applicable milestone, as follows:

<u>Penalty per violation per day</u>	<u>Period of violation</u>
\$1,000	1 st through 14 th day
\$2,500	15 th through 30 th day
\$10,000	31 st day and beyond

These penalties will accrue from the date Respondent was required to meet each milestone until it achieves compliance with the milestone.

44. U.S. EPA's determination of whether Respondent satisfactorily completed the SEP will bind Respondent. If SDI disputes U.S. EPA's initial determination regarding completion of a SEP, SDI must notify U.S. EPA in writing within 10 days of receipt of U.S. EPA's determination. Thereafter, U.S. EPA's final determination of whether SDI completed the SEP as required by the CAFO will be made by the Director of the Air and Radiation of Region V after consideration of SDI's position.

45. Respondent must pay any stipulated penalties within 15 days of receiving U.S. EPA's written demand for the penalties. SDI will use the method of payment specified in paragraph 26, above, and will pay interest, handling charges, and nonpayment penalties on any overdue amounts.

46. Any public statement that Respondent makes referring to the SEP must include the following language, "Steel Dynamics, Inc. undertook this project in settlement of the United

States Environmental Protection Agency's enforcement action against it for violations of the New Source Performance Standards General Provisions, at 40 C.F.R. Part 60, Subpart A, the Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983, at 40 C.F.R. Part 60, Subpart AAa, and the Indiana State Implementation Plan, at its Butler, Indiana, facility."

47. *Force Majeure.* If an event occurs which causes or may cause a delay in completing the SEP as required by this CAFO:

- a. Respondent must notify U.S. EPA in writing within 10 days after learning of an event which caused or may cause a delay in completing the SEP. The notice must describe the anticipated length of the delay, its cause(s), Respondent's past and proposed actions to prevent or minimize the delay, and a schedule to carry out those actions. Respondent must take all reasonable actions to avoid or minimize any delay. If Respondent fails to notify U.S. EPA according to this paragraph, it will not receive an extension of time to complete the SEP.
- b. If the parties agree that circumstances beyond the control of Respondent caused or may cause a delay in completing the SEP, the parties will stipulate to an extension of time no longer than the period of delay.
- c. If U.S. EPA does not agree that circumstances beyond the control of Respondent caused or may cause a delay in completing the SEP, U.S. EPA will notify Respondent in writing of its decision and any delays in completing the SEP will not be excused.
- d. Respondent has the burden of proving that circumstances beyond its control caused or may cause a delay in completing the SEP. Increased costs for completing the SEP will not be a basis for an extension of time under subparagraph b, above. Delay in achieving an interim step will not necessarily justify or excuse delay in achieving subsequent steps.

General Provisions

48. This CAFO resolves only Respondent's liability for federal civil penalties for the violations in this CAFO and the Notice of Violation issued on September 28, 2006.

49. The CAFO does not affect the right of U.S. EPA or the United States to pursue

appropriate injunctive or other equitable relief or criminal sanctions for any violation of law.

50. This CAFO does not affect Respondent's responsibility to comply with the Act and other applicable federal, state, and local laws. Except as provided in paragraph 48, above, compliance with this CAFO will not be a defense to any actions subsequently commenced pursuant to federal laws administered by Complainant.

51. This CAFO constitutes an "enforcement response" as that term is used in U.S. EPA's *Clean Air Act Stationary Source Civil Penalty Policy* to determine Respondent's "full compliance history" under Section 113(e) of the Act, 42 U.S.C. § 7413(e).

52. The terms of this CAFO bind Respondent, its successors, and assigns.


53. Each person signing this consent agreement certifies that he or she has the authority to sign for the party whom he or she represents and to bind that party to its terms.

54. Each party agrees to bear its own costs and attorneys' fees in this action.

55. This CAFO constitutes the entire agreement between the parties.

Steel Dynamics, Inc., Respondent

9/18/07
Date

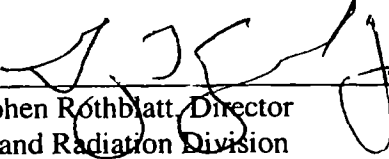


Glenn Pushis, Vice President/General Manager
Steel Dynamics, Inc. – Flat Roll Division

CAA-05-2007-0032

United States Environmental Protection Agency, Complainant

9/21/07
Date

 FOR
Stephen Rothblatt, Director
Air and Radiation Division
U.S. Environmental Protection
Agency, Region 5 (A-18J)

CAA-05-2007-0032

CONSENT AGREEMENT AND FINAL ORDER

In the Matter of:

Steel Dynamics, Inc.

Docket No. CAA-05-2007-0032

Final Order

This Consent Agreement and Final Order, as agreed to by the parties, shall become effective immediately upon filing with the Regional Hearing Clerk. This Final Order concludes this proceeding pursuant to 40 C.F.R. §§ 22.18 and 22.31. IT IS SO ORDERED.

9/24/07
Date

Walter W. Kovalick for
Mary A. Gade
Regional Administrator
U.S. Environmental Protection
Agency, Region V

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In the Matter of Steel Dynamics, Inc.
Docket No: **CAA-05-2007-0032**

CERTIFICATE OF FILING AND MAILING

I, Betty Williams, do hereby certify that the original of the foregoing Consent Agreement and Final Order (CAFO), was sent to Steel Dynamics, Inc. was filed with the Regional Hearing Clerk, Region 5, United States Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois 60604; and that a second original of the CAFO was sent Certified Mail, Return Receipt Requested, to:


Glenn Pushis
Vice President/General Manager
Steel Dynamics, Inc.
Butler, Indiana 46721

I also certify that a copy of the CAFO was sent by First

Class Mail to:

Craig Henry, Acting Section Chief
Office of Enforcement, Air Section
Indiana Department of Environmental Management
100 North Senate Avenue, Room 1001
Indianapolis, Indiana 46206-6015

on the 25th Day of September 2007


Betty Williams, Secretary
AECAS IL/IN

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REGIONAL HEARING CLERK

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

IN THE MATTER OF:)	
)	
Steel Dynamics, Inc.)	Administrative Consent Order
)	
)	EPA-5-07-113(a) IN-03
Proceeding Under Sections)	
113(a)(1)(A) and (a)(3) of)	
the Clean Air Act,)	
42 U.S.C. §§ 7413(a)(1)(A))	
and (a)(3))	

Administrative Consent Order

1. The Director of the Air and Radiation Division, United States Environmental Protection Agency (U.S. EPA), Region 5, is issuing this Administrative Consent Order (Order) to Steel Dynamics, Inc. (SDI) under Sections 113(a)(1)(A) and (a)(3) of the Clean Air Act (Act), 42 U.S.C. §§ 7413(a)(1)(A) and (a)(3).

2. SDI consents to the entry of this Order without admission of any of the factual allegations and/or findings contained herein.

Statutory and Regulatory Background

3. Each state must submit to the Administrator of U.S. EPA a plan for attaining and maintaining the National Ambient Air Quality Standards under Section 110 of the Act, 42 U.S.C. § 7410.

4. On June 27, 2003, U.S. EPA approved Indiana Administrative Code 326 2-2-3 as part of the federally enforceable state implementation plan (SIP) for Indiana in 68 Fed. Reg. 38197.

5. The Administrator of U.S. EPA may promulgate regulations establishing standards of performance for new sources (New Source Performance Standard or NSPS) under Section 111 of the Act, 42 U.S.C. § 7411.

6. Under Section 111 of the Act, the Administrator promulgated the NSPS General Provisions, at 40 C.F.R. Part 60, Subpart A,

and the "Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983," at 40 C.F.R. Part 60, Subpart AAa.

7. The NSPS General Provisions, at 40 C.F.R. § 60.11(d), and the Indiana SIP, at 326 IAC 2-2-3, require that at all times, including periods of startup, shutdown, and malfunction, owners and operators must, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions.

8. Under Sections 113(a)(1)(A) and (a)(3) of the Act, 42 U.S.C. §§ 7413(a)(1)(A) and (a)(3), the Administrator of U.S. EPA may issue an order requiring compliance to any person who has violated or is violating the Indiana SIP and/or NSPS regulations. The Administrator has delegated this authority to the Director of the Air and Radiation Division.

Findings

9. SDI owns and operates two electric arc furnaces (EAFs) at 4500 County Road 59, Butler, Indiana.

10. SDI's EAFs were constructed in 1995 and 1998. Therefore, SDI is subject to the "Standards of Performance for Steel Plants: Electric Arc Furnaces and Argon-Oxygen Decarburization Vessels Constructed After August 17, 1983," at 40 C.F.R. Part 60, Subpart AAa, and the NSPS General Provisions at 40 C.F.R. Part 60, Subpart A.

11. On September 28, 2006, U.S. EPA issued to SDI a Notice and Finding of Violation alleging that SDI violated the NSPS General Provisions, at 40 C.F.R. § 60.11(d), and the Indiana SIP by failing to maintain and operate an affected facility, including associated air pollution control equipment, in a manner consistent with good air pollution control practice for minimizing emissions.

12. On November 14, 2006, representatives of SDI and U.S. EPA discussed the September 28, 2006, Notice and Finding of Violation.

Compliance Program

13. SDI shall implement the Compliance Plan described in paragraphs 14-21 in an effort to improve its ability to prevent and respond to opacity excursions from the existing baghouse controlling SDI's EAFs.

14. SDI shall initiate procedures to determine the cause of a continuous opacity monitor alarm no later than 30 minutes after the alarm is triggered, and to alleviate the cause of the alarm no later than 90 minutes after the cause of the alarm is discovered, by taking whatever corrective actions are necessary. "Corrective actions" may include, but are not limited to, the actions listed at 40 C.F.R. § 60.273(f). SDI shall note the reasons for which it required more than 15 minutes to initiate procedures to determine the cause of the alarm and/or more than 45 minutes to alleviate the cause of the alarm in its submission to U.S. EPA that is required under Paragraph 19, below.

15. SDI shall implement a bag inventory system for its existing baghouse that tracks, on a compartmental basis, the date that individual bags are installed, repaired or patched and the reasons for the bag replacement. SDI shall initiate the bag inventory system within 28 days of the effective date of this Order. SDI shall only track bags installed or repaired after initiation of this bag inventory system.

16. SDI shall use the bag inventory system to help determine when a bag should be removed from service and to predict which areas in the baghouse may be prone to cause bag failure and thus may require more frequent bag replacement than other areas. Appendix A contains a sample form of the information that will be recorded by this system.

17. SDI shall submit a summarized table compiled from information from its bag inventory system every six months, beginning from the effective date of this Order. This summary shall include photocopies of original, operator-generated logs documenting a bag replacement or repair and other relevant observations.

18. SDI shall have employees in a position to hear or see alarms of the continuous opacity monitor at all times the EAFs are in operation. SDI shall also have employees who are trained

in the operation and troubleshooting of its baghouse onsite, at the facility at all times the EAFs are in operation, and able to be notified of any alarms promptly.

19. SDI must submit the excess emission reports in a detailed format, according to 40 C.F.R. § 60.7(c), for each excess emission event reported in SDI's excess emission reports. SDI should also include the time it took to commence and complete corrective action for each excess emission event. For incidents with extenuating circumstances, each action taken to eliminate the cause(s) of the opacity exceedance should be listed, until the cause of the opacity has successfully been eliminated.

20. SDI must incorporate paragraphs 14-19 into the facility's Preventative Maintenance Plan.

21. SDI must send all reports required by this Order to:

Attention: Compliance Tracker (AE-17J)
Air Enforcement and Compliance Assurance Branch
U.S. EPA, Region 5
77 West Jackson Boulevard
Chicago, Illinois 60604

General Provisions

22. This Order does not affect SDI's responsibility to comply with other local, state, and federal laws.

23. This Order does not restrict U.S. EPA's authority to enforce Section 111 of the Act, or any other section of the Act.

24. Nothing in this Order limits U.S. EPA's authority to seek appropriate relief, including penalties under Sections 113 of the Act, 42 U.S.C. § 7413, for SDI's violation of the NSPS General Provisions at 40 C.F.R. § 60.11(d) and the Indiana SIP at 326 IAC 2-2-3.

25. Failure to comply with this Order may subject SDI to penalties of up to \$32,500 per day for each violation under Section 113 of the Act, 42 U.S.C. § 7413, and 40 C.F.R. Part 19.

26. The terms of this Order are binding on SDI, its assignees and successors. SDI must give notice of this Order to any

successors in interest, prior to transferring ownership, and must simultaneously verify to U.S. EPA, at the above address, that SDI has given the notice.

27. This Order is not subject to the Paperwork Reduction Act, 44 U.S.C. §§ 3501 et seq., because it seeks collection of information by an agency from specific individuals or entities as part of an administrative action or investigation. To aid in our electronic record keeping efforts, please provide your response to this Order without staples. Paper clips, binder clips, and 3-ring binders are acceptable.

28. U.S. EPA may use any information submitted under this Order in an administrative, civil or criminal action.

29. Without admission of any fact or liability alleged herein, SDI agrees to the terms of this Order.

30. This Order is effective on the date of signature by the Director of the Air and Radiation Division. This Order will terminate one year from the effective date, provided that SDI has complied with all terms of the Order throughout its duration.

9/18/07

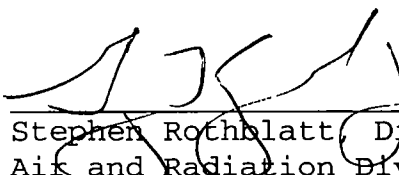
Date



Glenn Pushis
Vice President/General Manager
Steel Dynamics, Inc.-Flat Roll
Division

9/21/07

Date



for
Stephen Rothblatt, Director
Air and Radiation Division
United States Environmental
Protection Agency, Region 5

CERTIFICATE OF MAILING

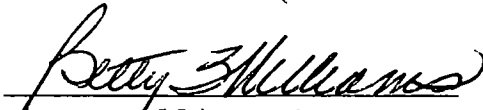
I, Betty Williams, do hereby certify that I sent a copy of the Administrative Consent Order, No. EPA-5-07-113(a)-03-IN by Certified Mail, Return Receipt Requested to:

Glenn Pushis
Vice President/General Manager
Steel Dynamics, Inc.
4500 County Road 59
Butler, Indiana 46721

I also certify that a copy of the Administrative Consent Order, No. EPA-5-07-113(a)-07-IL was sent by First-class mail to:

Craig Henry, Acting Section Chief
Office of Enforcement, Air Section
Indiana Department of Environmental Management
100 North Senate Avenue, Room 1001
Indianapolis, Indiana 46206-6015

on the 26th day of September 2007


Betty Williams, Secretary
AECAS (IL/IN)

CERTIFIED MAIL RECEIPT NUMBER: 7001 0320 0006 8920 1750